



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

March 16, 2011

CERTIFIED RETURN RECEIPT  
7009 3410 0001 4203 1485

Insurance Company of the West  
Corporate Services  
11455 El Camino Real  
San Diego, California 92130-2088

Subject: Cancellation of Surety Bond \_\_\_\_\_, Western Utah Copper Company, WUCC Copper Mine, M/001/0067, Beaver County, Utah

Dear Sir or Madame:

On March 16, 2011, the Utah Division of Oil, Gas and Mining (Division) received a letter dated March 14, 2011, saying Insurance Company of the West elects to cancel the referenced bond. According to the letter, the cancellation is effective May 31, 2011.

The cancellation date is not in compliance with the terms of the surety bond or the operator's reclamation contract which require ninety days written notice of cancellation. It also appears that the notice was not delivered properly. The second full paragraph on page 2 of Attachment A to the reclamation contract—a document which was signed by Michael Wade acting as attorney-in-fact for Insurance Company of the West—says:

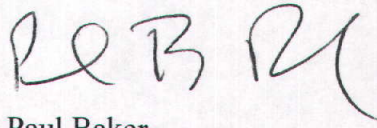
"This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Written notice to the Division and Principal as required by this paragraph shall be provided by certified mail or by a courier service that provides proof of delivery by signature of the recipient. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination."



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Insurance Company of the West  
M/001/0067  
March 16, 2011

The Division, therefore, cannot accept the cancellation notice. If you have any questions, please feel free to call me at 801-538-5261.

Sincerely,

A handwritten signature in black ink, appearing to read 'P B M' with a large flourish at the end.

Paul Baker  
Minerals Program Manager

PBB:pb

Cc: Ron Wunderlich, Western Utah Copper  
Ed Ginouves, Cedar City BLM  
Opie Abeyta, Utah State Office, BLM  
The Presidio Group, Inc., 5295 South 300 West, 550, Salt Lake City, Utah 84107  
P:\GROUPS\MINERALS\WP\M001-Beaver\M0010067-WUCC\final\cancel-surety-03162011.doc